

COMMITTEE ON GOVERNMENT REFORM
CONGRESSMAN TOM DAVIS, CHAIRMAN



NEWS RELEASE

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Sessions, Davis Introduce the
Federal Property Asset Management Reform Act of 2003
New Law Will Improve Government Property Management Efficiency

Washington, DC – U.S. Congressmen Pete Sessions (R-TX) and U.S. Congressman Tom Davis (R-VA), Chairman of the Committee on Government Reform, today introduced the Federal Property Asset Management Reform Act of 2003, the most sweeping attempt at effective federal property management reform in 50 years. The Act provides the federal government with management tools, such as public-private partnerships, to help it effectively manage its vast portfolio.

“Decaying federal properties have been eyesores in communities across the country for decades as outdated laws have failed to give the federal government the appropriate tools to properly maintain these buildings,” Sessions said. “Worse, upkeep of these eyesores is costing the taxpayers money, and that has to change.”

“We need to take action to stem the tide of deterioration of federal buildings and the subsequent waste of taxpayer dollars. We can't just throw more money at the problem. We also have to give federal agencies new incentives to dispose of unneeded properties and extend their authority to enter into partnerships with the private sector,” said Davis.

Federal agencies currently control more than 3.2 billion square feet of real property assets valued at roughly \$328 billion, much of it owned and maintained by the General Services Administration (GSA). Many federal buildings are functionally obsolete; do not support environmentally healthy workplaces; do not support 21st century technology; and are in various stages of deterioration. GSA estimates that upkeep of unused government property costs the taxpayers \$4 billion each year.

Holding such properties creates a drain on federal finances and effectively takes real estate off the market that might otherwise be gainfully used by the private sector. Under current law, the federal government faces severe restrictions from leasing any of this unused surplus property to the private sector. Furthermore, agencies lack the necessary incentives to sell these types of property to the private sector.

The Federal Property Asset Management Reform Act of 2003 reforms the 50-year-old property law that currently oversees the government's real property inventories. It stipulates that federal asset managers must maintain an accurate accounting of federal properties under their management. Should these properties be unused, the federal asset manager is permitted to make them available for lease to private entities as long as other government entities have first had a chance to claim the properties for their own purposes. The private sector entities will contribute the capital for renovation projects.

The government benefits from this approach by retaining an interest in the property, sharing in the profits generated, and receiving a preferential option to lease modernized space – all at no cost or liability to the government. Financial liabilities will be turned into modern facilities that more efficiently serve the changing role of federal agencies. In turn, the private sector will benefit through participation in real estate projects where strong market demand from both public and private users is accommodated by the improvement of well-located, under-performing government property.

“This reform legislation has a simple goal: Give agencies the freedom to effectively manage their property assets, and in turn liberate taxpayers from the waste and excess currently plaguing government property management,” said Davis.

“Challenges to governmental efficiency require a new approach to federal real property management. Unused property owned by the government is creating a drain on federal funds due to maintenance and upkeep costs. We have an opportunity to turn this drain into a revenue source. Our goals must be simple and clear: to permit the federal government additional tools to improve its inventory of public buildings. A workable version of public-private partnerships is a tool well within our grasp,” Sessions concluded.

The Federal Property Asset Management Reform Act of 2003, which has 11 original co-sponsors, mirrors H.R. 3947, introduced in the 107th Congress. It represents a key step toward changing the way the government does business in order to meet the challenges of the 21st century and address our long-term fiscal needs. Federal real property reform is essential to improving the performance and accountability of our government.

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